



6560-50-P

## **ENVIRONMENTAL PROTECTION AGENCY**

### **40 CFR Part 60**

**[FRL-9961-10-OAR]**

### **Review of the Standards of Performance for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Generating Units**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Announcement of review.

**SUMMARY:** The U.S. Environmental Protection Agency (EPA) announces that it is reviewing and, if appropriate, will initiate proceedings to suspend, revise or rescind the Standards of Performance for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Generating Units.

**DATES:** [Insert date of publication in the Federal Register].

**FOR FURTHER INFORMATION CONTACT:** Mr. Peter Tsirigotis, Sector Policies and Programs Division (D205-01), U.S. Environmental Protection Agency, Research Triangle Park, NC 27711; telephone number: (888) 627-7764; email address: *airaction@epa.gov*.

**SUPPLEMENTARY INFORMATION:** By this notice, EPA announces it is reviewing the Standards of Performance for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Generating Units (New Source Rule), 80 FR 64510 (October 23, 2015) and, if appropriate, will as soon as practicable and consistent with law, initiate reconsideration proceedings to suspend, revise or rescind this rule. The New Source Rule established national emission standards to limit carbon dioxide emissions from new fossil fuel-fired power plants.

## **I. Background**

The New Source Rule was promulgated under the authority of Section 111 of the Clean Air Act. 42 U.S.C. 7411. That Section authorizes EPA to issue nationally applicable New Source Performance Standards (NSPS) limiting air pollution from “new sources” in source categories that cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. 42 U.S.C. Section 7411(b)(1). Under this authority, EPA had long regulated new fossil fuel-fired power plants to limit air pollution other than carbon dioxide, including particulate matter (PM); nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>). See 40 CFR Part 60 subparts D, Da. In the New Source Rule, EPA for the first time used Section 111(b) to limit carbon dioxide emissions from new power plants.

Due to concerns about EPA’s legal authority and record, 24 States and a number of other parties sought judicial review of the New Source Rule in the U.S. Court of Appeals for the District of Columbia. *State of North Dakota v. EPA*, No. 15-1381 (and consolidated cases) (D.C. Cir.). The case has been fully briefed, and oral argument in the D.C. Circuit is currently scheduled for April 17, 2017.

## **II. Initiation of Review of New Source Rule**

On March 28, 2017, President Trump issued an Executive Order establishing a national policy in favor of energy independence, economic growth, and the rule of law. The purpose of that Executive Order is to facilitate the development of U.S. energy resources and to reduce unnecessary regulatory burdens associated with the development of those resources. The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources, and appropriately suspend, revise, or rescind

regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order also directs agencies to take appropriate actions, to the extent permitted by law, to promote clean air and clean water while also respecting the proper roles of Congress and the States. The Executive Order specifically directs EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the New Source Rule.

Pursuant to the Executive Order, EPA is initiating its review of the New Source Rule and providing advanced notice of forthcoming rulemaking proceedings consistent with the President's policies. If EPA's review concludes that suspension, revision or rescission of the New Source Rule may be appropriate, EPA's review will be followed by a rulemaking process that will be transparent, follow proper administrative procedures, include appropriate engagement with the public, employ sound science, and be firmly grounded in the law.

EPA's ability to revisit existing regulations is well-grounded in the law. Specifically, the agency has inherent authority to reconsider past decisions and to rescind or revise a decision to the extent permitted by law when supported by a reasoned explanation. *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009) ("Fox"); *Motor Vehicle Manufacturers Ass'n of the United States, Inc., et al. v. State Farm Mutual Automobile Insurance Co., et al.*, 463 U.S. 29, 42 (1983) ("State Farm"). Moreover, the Clean Air Act itself authorizes EPA to reconsider its rulemakings. 42 U.S.C. 7607(b)(1), (d)(7)(B). The Clean Air Act complements the EPA's inherent authority to reconsider prior rulemakings by providing the agency with broad authority to prescribe regulations as necessary. 42 USC 7601(a). The authority to reconsider prior decisions exists in part because EPA's interpretations of statutes it administers "are not carved in stone" but must be evaluated "on a continuing basis," *Chevron U.S.A. Inc. v. NRDC, Inc.*, 467

U.S. 837, 857-58 (1984). This is true when—as is the case here—review is undertaken “in response to . . . a change in administrations.” *National Cable & Telecommunications Ass’n v. Brand X Internet Services*, 545 U.S. 967, 981 (2005). Importantly, such a revised decision need not be based upon a change of facts or circumstances. Rather, a revised rulemaking based “on a reevaluation of which policy would be better in light of the facts” is “well within an agency’s discretion,” and “[a] change in administration brought about by the people casting their votes is a perfectly reasonable basis for an executive agency’s reappraisal of the costs and benefits of its programs and regulations.” *National Ass’n of Home Builders v. EPA*, 682 F.3d 1032, 1038 & 1043 (D.C. Cir. 2012) (citing *Fox*, 556 U.S. at 514-15; quoting *State Farm*, 463 U.S. at 59 (Rehnquist, J., concurring in part and dissenting in part)).

In conducting this review, EPA will follow each of the principles and policies set forth in the Executive Order, consistent with EPA’s statutory authority. The Agency will reevaluate whether this Rule and alternative approaches are appropriately grounded in EPA’s statutory authority and consistent with the rule of law. EPA will assess whether this Rule or alternative approaches would appropriately promote cooperative federalism and respect the authority and powers that are reserved to the States. EPA will also examine whether this Rule or alternative approaches effect the Administration’s dual goals of protecting public health and welfare while also supporting economic growth and job creation. EPA will review whether this Rule or alternative approaches appropriately maintain the diversity of reliable energy resources and encourage the production of domestic energy sources to achieve energy independence and security. Additionally, EPA will assess this Rule and alternative approaches to determine whether they will provide benefits that substantially exceed their costs. In taking any actions

subsequent to this review, EPA will use its appropriated funds and agency resources wisely by firmly grounding in the statute its actions to protect public health and welfare.

Dated: March 28, 2017.

E. Scott Pruitt,  
Administrator.